

FRESNO YOSEMITE INTERNATIONAL AIRPORT CONCOURSE EXPANSION PROJECT

Introduction

The 2002/2003 Fresno County Grand Jury studied the problems associated with contracting for and construction of the Fresno Yosemite International Airport Concourse Expansion Project.

By resolution dated in 1992, the City Council (the Council) of the City of Fresno, (the City) authorized the execution of a Federal Aviation Administration (FAA) Grant Offer for preparation of a master plan for Fresno Airport terminal. In 1995, the Grant Offer was accepted and funds were appropriated for preliminary design to include second level boarding gates with jetways and design and construction of façade of the existing building. Among the grounds for the undertaking were the need for additional space, attraction of major air carriers, and upgrade of facilities and concession area. Advertisement for design services for the terminal was authorized, and Daniel, Mann, Johnson, Mendenhall, Holmes and Narver, Architects (DMJM) was selected. In November 1996, the City entered an agreement with DMJM to design the project for \$2.2 million. The plans and specifications were thereafter prepared, and on April 14, 1998, the City entered an agreement with Parsons Brinckerhoff Construction Services, (Parsons) to provide value engineering and constructability reviews of the project for \$74,947. The contracts with both DMJM and Parsons were subsequently amended to provide architectural design and bidding phase service and preliminary construction management.

Notice inviting bids was published in December 1999. On February 23, 2000, the bids were opened. Soltec of San Diego was determined to be the low bidder by the Purchasing Department of the City. Mauldin-Dorfmeier Construction Company (Mauldin), the second lowest bidder, appealed the bid selection on the basis that Soltec was late. On May 11, 2000, the hearing officer on the appeal of the bid decided that the bid should go to Soltec on the basis that its bid was within the meaning of the bid guidelines. On May 23, 2000, the Council rejected the hearing officer's decision and on June 6, 2000, the contract was awarded to Mauldin for expansion of the Airport concourse for \$26,689,000. Soltec filed a lawsuit against the City. The contract for Preliminary Construction Management of the project with Parsons was amended to provide for full management of construction for \$1,482,138. The contract was to expire on February 11, 2002. Construction was scheduled for completion for February 15, 2002. Numerous delays in the construction process were encountered, and while the project has been accepted as substantially completed, no Notice of Completion had been recorded as of May 1, 2003.

Funding for the initial Airport Expansion was \$35,520,997, which was increased by \$7,275,125 for furnishings, parking area, and adjacent structures, for a total of \$42,796,122. The entire cost was and is covered by FAA Grants and a bond issue in

the amount of \$43,000,000, including costs. As of April 2003, the entire project was within the budget. However, there are some existing claims, which, if allowed, would exceed the reserve on the work of improvement.

Following a decision in the Superior Court upholding the Council's decision to award the contract for construction to Mauldin, the Fifth District Court of Appeals determined that Soltec was the low bidder on the project and should have been awarded the contract. The matter was referred back to the Superior Court to determine damages to be awarded to Soltec. The matter is pending.

One sub-contractor on the project has filed action in the Superior Court against Mauldin, DMJM, and the City alleging breach of contract, enforcement of a stop notice, and negligence. Enforcement of the stop notice is the only claim against the City in the lawsuit.

Findings

- A. According to a study by the City of Fresno, the Fresno Yosemite International Airport concourse and surrounding infrastructure were in need of expansion and improvement.
- B. DMJM is an established and experienced architectural firm.
- C. Parsons is an established and experienced engineering firm.
- D. The City determined that its Public Works Department had neither sufficient expertise nor staffing to supervise the overall airport project.
- E. The Council failed to follow the advice of the hearing officer with regard to acceptance of the low bid for the project.
- F. The City purchased a new time clock in the Purchasing Department, which records seconds.
- G. During the course of construction, design and steel fabrication problems were encountered which required retrofit design and steel remediation.
- H. Parsons was fully responsible for the professional management of the project.
- I. During construction, some items in the original contract with Mauldin were removed under change orders (electronic board, security system and installation of boilers) and contracts entered with other contractors.
- J. The construction contract provides for liquidated damages for delay of \$3,500 per day.

- K. The City has been responsible for analyzing and negotiating numerous claims for money and time presented by Mauldin.

Conclusions

- A. There were initial design problems on the project.
- B. In spite of the recommendation of staff and the advice of legal counsel and the hearing officer that Soltec's low bid was within the City's guidelines, the Council awarded the contract to Mauldin, a local contractor.
- C. Parsons was hired because of its experience and expertise in large construction projects.
- D. Problems with design, scheduling, manning, and fabrication substantially delayed the project.
- E. The City has been damaged by the delays, by the additional staffing required, and other costs associated with the project.
- F. The contract between the City and Mauldin provides for liquidated damages of \$3,500 per day for delays in completion.

Recommendations

The 2002/2003 Fresno County Grand Jury recommends that:

- 92. The City adopt a new bidding procedure for selection of low bidders on projects requiring competitive bidding.
- 93. The City involve the Public Works Department much more intimately in connection with major construction projects within the City, including hiring specialists for such projects, instead of contracting with consultants for overall management.
- 94. The City carefully monitor possible conflicts of interest of parties involved in City projects.
- 95. The City aggressively pursue its claims for liquidated and other damages.